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VIA EMAIL

October 3, 2001

Timothy S. Lucas
Director of Research and Technical Activities
Financial Accounting and Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Re: Request for Comments- Disclosure about Intangibles

Dear Mr. Lucas,

TEQ Development LLC in an investment banking services firm specializing in valuation and financial transactions involving intellectual property. The New Agenda Project concerning disclosure and reporting of intangibles is, our opinion, timely and appropriate. Our firm developed business method patents that disclose a broad and novel family of transactions that can monetize intellectual properties- patents, trademarks and copyrights- for any company operating in any business sector of the economy. Since forming TEQ Development in 1998, we have been extremely cognizant of the deficiencies in modern accounting practices when it comes to valuing intellectual property.

The TEQ business method is concerned with the transactional values of intellectual property. By transactional value I mean those property interests that can be sold or transferred for value without disrupting the economic utility of the business activity conducted with the intellectual property. In our opinion this represents the net new economic value added by intangible assets that is accretive to existing business assets.

The wholesale write up of intellectual assets, while a laudable goal, should be balanced by the financial accessibility of such asset values. Human capital is vital to an enterprise, but it cannot be sold or leveraged because that smacks of bonded servitude- slavery- and is illegal under the 13th Amendment. If an object cannot be financially bound, should it be counted as a business asset? Likewise, there are certain intangible assets such as customer loyalty or organizational know how that cannot be adequately segregated from the business process without destroying the value of the process. Such values are soft measures of corporate wealth and the judgment of equity markets through stock pricing may be the only relevant measure of such intangible assets.

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I take minor issue with the presumption that accounting is flawed because heretofore we have not capitalized intellectual assets in the normal course and customs of American business. There is nothing wrong with accounting per se because it is a process devoid of all intents save one- all transactions will be accounted for. Whether we classify a transaction as exchanging for an asset or incurring an expense is definitional. What is required is that we be consistent.

Your letter of August 17, 2001 asked for comments on the following issues:

- **Pervasiveness of the issue**- TEQ has found the issue of intangible assets to be pervasive and unbalanced. Many industrial concerns possess valuable technical assets but are overlooked because they are part of the mature economy. On the other hand information technologies were oversold to the marketplace because of Wall Street's infatuation with them. Better reporting would lead to market consistency when comparing technology values throughout diverse markets.

- **Alternative Solutions**- The only other viable alternative is to await transactions that monetize intangible assets. TEQ is already operating in this environment. In truth reporting and transactions involving intangible assets should evolve simultaneously because the information derived is complementary and synergistic.

- **Technical Feasibility**- Our patent demonstrates that novel transactions can be devised by rigorously employing the principles of finance for a new utility. The foreseeable benefits from monetizing appropriate intangible assets will lead to rational standards for achieving the financial opportunity.

- **Practical Consequences**- Reporting and monetizing intangible assets will improve the flow of capital to useful and profitable areas of business enterprise. It creates an attractive new class of asset-backed instruments that can also address the financial communities' growing need to place capital into secure investments that will build future prosperity. The tax and SEC consequences that may follow are appropriate consequences to both stimulate and regulate the resulting activities for the benefits and opportunities they offer to the American public.

Thank you for your time and consideration.

Sincerely,

Douglas R. Elliott
Managing Director
TEQ Development LLC